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# India is Opening Up. What Should American Colleges Do About It?

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India's new reform-minded minister in charge of higher education, Kapil Sibal, has endorsed the entry of foreign universities into the country and recently visited several leading institutions in the United States, hoping to encourage them to set up operations. He has also asked government officials to let foreign universities set their own tuition rates and to exempt them from admissions quotas for lower-caste students that public universities in India must observe.

But is this a real opportunity for American colleges and universities?

Yes. India has its first single-party government in some 20 years, allowing the Congress Party to pursue a reform program unencumbered by the politics of the past. And it has, in fact, embarked on such a program, building on previous reports and analyses. Several years ago, a national commission recommended that the government reduce barriers to entry to the higher-education sector and allow foreign institutions into the Indian market. Last year another commission examined ways to rejuvenate Indian higher education and brought forth similar recommendations—including simplifying a regulatory framework that would deter most sane people.

Such policy changes reflect the fact that, although the government wants more young Indians to be able to go to college, it cannot financially afford to create the necessary number of high-quality institutions to meet the demand. Nor can it lift the quality of its colleges without a significant knowledge transfer from outside and by drawing upon international models of best practices. That makes the idea of foreign direct investment in Indian higher education particularly attractive to top officials like Sibal.

But what can American institutions gain from establishing a physical presence in India? Businesses and other types of organizations have usually entered India to gain revenue and enhance their reputations. In higher education, however, few institutions have profited financially from creating international campuses. Selling such a high-priced service with intangible outcomes often depends on strong brand recognition: Part of the Harvard experience is Harvard Square and Upstairs on the Square, and that is hard to replicate in Hyderabad. That's in large part why generating substantial higher-education revenue in foreign locations has been primarily the domain of distance education and for-profit institutions like the University of Phoenix.

Moreover, colleges must ask themselves, even if a new Indian campus were to generate surplus revenue, where would that money go? Would it support research and student aid on the American campus, or further expansion in India? Remittance to the home institution would not be without risk or controversy. In short, revenue alone would not justify a campus in India.

That said, a robust presence in overseas markets like India or China could enhance a college's academic standing, intellectual prestige, and reputation. A presence in a country brings access to power, people, and principal. Power includes regulatory authority that shapes the market environment, including the right to operate and to award degrees. People include the best scholarly minds as well as national decision makers. Principal includes any financial resources that the host state contributes toward operating expenses, tuition subsidies, and research.

American institutions that want to pursue those three P's, and that are seriously considering setting up shop in India, must of course weigh the interests of their particular students. Each college must ask itself a series of basic questions, including: What is the scale and quality of future student demand? Do the students on the main campus care about the institution's geographic reach? How many come from India or have family ties there? Is there a significant alumni base there? Is either group likely to be a source of political or financial support for operating in India? Is India a big study-abroad destination? Is there a population that wants this type of education, can afford it, and can meet admissions standards? Is that demand not being met through international-student enrollments? An institution would reap no real benefit in displacing demand from the home campus—indeed, it could lose revenue, if the prices on the Indian campus were lower than on the main campus.

Other key questions involve faculty members: Do they have existing ties to the region, whether through research, teaching, or service arrangements? Are those relationships sufficient to add legitimacy to operations in India? Are such professors interested in working at a new campus in India? Are other faculty members willing to work in India to ensure that traditions and standards are common to both campuses?

The benefits of going into India will also be influenced by the presence or absence of competitors. Sibal, who is a Harvard alumnus, has singled out Harvard, Stanford University, the Massachusetts Institute of Technology, and a few others as desirable providers for India, under "certain terms and

conditions." Some institutions, like Carnegie Mellon University and the University of California at San Diego, are already present in Tamil Nadu and Bangalore, in limited form or as distance providers. Will the market be crowded out by a few market leaders who absorb all demand or set a price that precludes competition?

That answer to that last question is that too much competition is unlikely, as India's unmet demand is huge. Elite domestic universities are extremely selective and accept few students. And while around 450,000 Indian college students study in other countries, an even larger group of students either cannot afford overseas study or prefers to stay in India for personal or social reasons.

What's more, India has withstood the worst of the global recession. Economic growth has been around 5.9 percent in the past year and is projected to be up to 7.2 percent this year, sustaining a steady growth of the middle class that alone would probably support many foreign campuses. That growth will be amplified by a demographic bulge in the number of young people who will look for higher-education opportunities in the next decade.

At the institutional level, the demand issue is more complex. A college must ask itself whether opening a campus in India would divert Indian students from the home campus, reducing the number who come to the United States from India. If so, would their spots be filled by full-fee students from other countries, or would the seats go to domestic students, resulting in less revenue for the institution? Or would the campus in India act largely as a bridge to the home campus? Students could start their degrees in India and transfer to the main campus for the final year or two, with access to key faculty members. Determining the answers to such questions will require time and thought.

American colleges must also evaluate the relationship between international expansion and their missions. Does a campus in Kerala fit with, say, Long Beach City College's aim of providing open and affordable access to work-force-preparation programs? Does it align with the priorities of the legislature for state-supported colleges?

Then there are the questions of fit between American colleges' institutional traditions and values and India's culture and political landscape. Will the complexities of religion and caste conflict with admissions policies? For over 100 years, Indian public policy has required public colleges to set

aside a certain number of places for students from defined religious and social groups. That policy, complex at best, makes American affirmative-action policies look straightforward. There are conflicting reports about whether and how domestic laws will apply to foreign universities. Minister Sibal has stated that the "reservations policy" will not apply to foreign universities, although that may be tested in the courts or in practice.

In addition to mission and values, colleges must deal with other priorities. How will a move into India mesh with, say, a capital campaign or a new undergraduate curriculum? Is it the right time to take on a large-scale project that could touch virtually all a university's schools and departments? Will the institution be able to design, negotiate, and build new facilities in a reasonable time?

Further, institutions must ask specifically how a move into India will sit with other international partnerships and priorities. Would it impede or imperil relationships in China, for example? Economic and diplomatic events have quickly closed or reduced international-student markets. A closer relationship with India might counterbalance one with China and diminish the risks of being dependent on one foreign partner.

Having students from diverse countries can create an important hedge against revenue loss; some observers see American colleges' historic ties with Europe, for example, as rainy-day insurance. Yet while valuable and enduring, such ties are demographically and strategically dwarfed by the possibilities of Brazil, Indonesia, Russia, India, and China.

American colleges could also identify opportunities for tripartite relationships—making alliances among institutions in India and another country around a shared goal or project. But that harks back to the question of institutional capacity to manage such relationships. Doing so would undoubtedly consume and require much more time and money than first imagined.

The Indian government, knowing that its window for reform in a five-year term is limited, is moving fast. Government leaders are aware that China quickly scaled up participation and started driving up quality in its higher-education sector 20 years ago. That is why Minister Sibal wants foreign institutions operating in India by this July.

But meanwhile, American colleges have a lot to think about.

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